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Finding solutions for challenging social dilemmas: Something to talk about

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Cross-sector collaboration among the people, public and private sectors is tricky but necessary if smarter solutions for tough societal problems are to be found. This was the clear message from social innovators at the [Social iCon](http://www.lcsi.smu.edu.sg/Social_icon/2011/thoughtleaders.asp) (http://www.lcsi.smu.edu.sg/Social_icon/2011/thoughtleaders.asp) conference, jointly organised by SMU's [Lien Centre of Social Innovation](http://www.lcsi.smu.edu.sg/) (<http://www.lcsi.smu.edu.sg/>), the Young Foundation and Ashoka.

Governments have to collaborate

Christian Bason, director of "cross-ministerial" social enterprise, [MindLab](http://www.mindlab.dk/en/about_mindlab) (http://www.mindlab.dk/en/about_mindlab), was vocal about the need for governments to collaborate with the people and private sectors in order to drive social innovation. The days when governments had monopoly over wisdom and the "best" solutions are over. MindLab was set up in 2007 to solve "wicked" problems – intractable issues such as long term youth unemployment, ageing population, and sluggish economic growth – through user-centred innovation. But first, the institute, set up by the Danish ministries of Taxation, Employment, and Economic and Business Affairs, had to learn to work internally.

"MindLab had to 'rehearse' what it means to collaborate among silos of government; and by rehearsing our internal collaboration, we're beginning to see how (we can) collaborate beyond our own sector," he said.

A guiding principle for MindLab's work is to remember who the true customers are. Bason said that it is important "to remind (civil servants) who it is they serve."

Public servants, he observed, can sometimes miss the big picture. Instead, they often feel accountable to their bosses, while these bosses feel accountable to politicians. This is why it is important to remind policymakers to adopt a citizen-centric way of thinking.

At MindLab, a dizzyingly diverse team of ethnographers, anthropologists, designers and IT specialists work with citizens, businesses, NGOs, and public officers to co-create solutions for many "wicked" problems.

Bason, who wrote the book, *Leading Public Sector Innovation: Co-Creating for a better society*, explained that co-creation is the process of "finding ideas that have a better chance of creating value for people" by working with communities that are part of the solution.

MindLab's process is based on design principles as it helps them to challenge assumptions: "to re-imagine what really are the problems and the opportunities." Design also means experimentation and rapid prototyping – "failing fast to succeed sooner" – and it requires public officers to be more comfortable about rapid change and rapid testing of solutions. Fear of failure, said Bason, is something that many governments cannot overcome.

Most importantly, design helps bureaucrats to visualise their words. It is one thing to provide a service, but another to understand how the service will be experienced by citizens.

Public officers who undergo MindLab's workshops "rehearse the future" using stick figures to map a citizen's experience. This is filmed to help them review and reflect on which part of the experience needs to be improved.

Bason emphasised repeatedly that incremental tweaks in existing systems are often inadequate at solving intractable problems. Instead, radical systemic change is needed.

Civil servants, when faced with overwhelming evidence for change, have to redesign services that drastically impact workflow within the bureaucracy. Persuading management or staff to accept the changes is often the toughest part of co-creation.

Rethinking the process

An example of how social innovation demands dramatic rethinking is Ashoka India's *Housing for All* programme which aims to help the financially excluded in India own homes.

Director Vishnu Swaminathan introduced the audience to "Tulsi Ben" who lives in a slum in Ahmedabad, Gujarat, India. She and her husband sell vegetables for a living. She is able to afford a monthly instalment of US\$80 on a new home but is unable to get a loan because she, like the majority of Indian workers, does not have regular income or tax receipts to show to financial companies.

"The Tulsi Bens of the world have the capability to buy a new house but they don't know how to do it. They earn enough money but they are financially excluded," he said.

These people might be considered "poor" but they are not at the bottom-most part of the pyramid. They don't need charity-based housing as they earn income and aspire to move into proper homes. Yet they had been overlooked by developers and even the authorities.

In fact, they present a huge housing market business opportunity as there is currently a need for an estimated 25 million affordable homes in India that's worth US\$250 billion annually.

But developers, who had never dealt with "Tulsi Bens", did not understand their needs. Banks were hesitant to loan money because of the lack of income verification. So Ashoka stepped in to bring developers, civil sector organisations, architects, and financial companies together to understand the community and help them achieve their dreams.

To show proof of income, Ashoka had to persuade financial companies to think differently. Instead of formal tax returns, how about accepting petrol receipts or daily mileage clocked by auto rickshaw drivers as an approximation of their income? Ashoka also had to get the drivers to start keeping records of their work.

To understand what home designs would appeal to "Tulsi Ben", architects worked with civil sector organisations to consult the communities. This was crucial as developers had initially assumed that they didn't need to allocate space for refrigerators as the poor didn't have them. But this was wrong. The poor *aspired* to own refrigerators and thus wanted to have space in their small homes for them.

"Design is therefore extremely important but it can only happen if you collaborate with communities to know what they want," said Swaminathan.

Not business as usual

Radical rethinking is required to drive social innovation, said Lalitha Vaidyanathan, managing director of FSG, a non-profit consulting firm that works with partners on global issues.

Referring to the Ashoka example of how financial companies had to change the process for income verification, she said that the ways in which people work today needs to change – fundamentally.

"Capitalism needs to reinvent itself to find business opportunities that lie in solving social problems," said Vaidyanatha, "and that is the future by which we build a society that's more sustainable and can make businesses prosper."

Some corporations are beginning to change the way they deal with social problems – from ignoring them to seeing social problems as opportunities.

"The norm is going to be that more companies will look at the core of their assets to see how they can extend their business model and products to solve social problems," said Vaidyanathan. "It's an opportunity to create shared value."

General Electric's healthcare unit, for example, is doing this in India. It teamed up with the non-profit organisation, Embrace, to distribute a low-cost infant warmer to remote villages with no access to hospitals. The Embrace Infant Warmer is a low-cost and reusable sleeping bag that can be warmed up with wax pouches. It costs about 1% of a conventional incubator and village midwives are able to immediately use them to save premature babies when they are born.

For companies to create shared value, working with multiple sectors is a necessity, said Vaidyanathan, but it can be tricky. Bilateral collaboration between corporations and government or corporations with social enterprises would be relatively easier than collaborating across multiple sectors.

She shared how an FSG client – a global chocolate manufacturer – wanted to develop a cocoa sustainability strategy that would benefit cocoa farmers and the company.

Ivory Coast, the world's leading cocoa producer, has been facing production and quality decline due to economic, social and environmental challenges. Deforestation, for example, has led to soil fertility degradation while low incomes has discouraged farmers from improving planting material or investing in fertilisers or pesticides.

The sustainability strategy focused on three aspects: to improve the economic situation of farmers by helping them become more productive and raising the quality of their crops; to improve the environmental management of the land with good agricultural practices; and to invigorate rural communities by improving their living standards.

But instead of doing it alone, the chocolate manufacturer engaged stakeholders at every level, from the Ivorian national government, to national agricultural institutions, to the World Bank, to bilateral donors, commercial

suppliers, certifiers, and NGOs.

"In most complex problems, multiple things have to happen and therefore multiple sectors have to come together to figure out solutions," said Vaidyanathan. This may seem commonsensical, yet this is not widely practised.

Nurturing social innovators


The speakers agreed that there needs to be people working in the three sectors who understand the value of innovation and collaboration for multilateral cooperation to happen.


"Business schools play a critical role in training future leaders who understand and internalise the fact that the role of business in solving social problems is critical. But currently, most business schools, at least in the US, don't have such a programme," said Vaidyanathan. He suggests integrating this into the DNA of business studies – through MBAs, perhaps.

Bason agreed but added that there are other "entry points" to infuse collaborative-minded people into organisations. One is through recruitment. Governments, he observed, are too homogenous as they tend not to recruit from private and NGO sectors. "The natural innovators from governments," he said, "are people who come from outside, have managed to adapt and not get kicked out."

Another way could be to make 'innovation' and 'collaboration' more salient in government training, so that these practices are embedded into the norm. How top executives in government are trained will be significant, said Bason, as leadership can drive wider acceptance of social innovation and cross-collaboration.

After all, there needs to be people – in all three sectors – who will back such radical solutions for society's toughest, most intractable problems.

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